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SUBJECT: BOLIVIAN FM: URGENT ACTION NEEDED ON BILAT ACCORD

DERIVED FROM: DSCG 05-1 B, D

¶1. (C) Summary: Charge met December 5 with Bolivian Foreign Minister David Choquehuanca, who said President Morales wants to finalize a bilateral framework agreement but that "certain cabinet members" do not want the accord to succeed and would prefer to maintain minimal relations with the USG. He emphasized that success remains possible, but said "time is running out" to complete a deal with the current government. Choquehuanca proposed a final negotiating session in Washington the week of December 21. The GOB anticipates that Bolivia will not be included in ATPDEA renewal legislation, which he called a potential blow to relations. Choquehuanca said excessive expectations among Morales' supporters-which the GOB would inevitably fail to meet-would likely generate future division and discord within the MAS. End summary.

Framework Agreement Possible, But Time Limited

¶2. (C) FM Choquehuanca told Charge that the bilateral framework agreement could be successfully negotiated in a final round of discussions in Washington, which he proposed for the week of December 21. Choquehuanca stressed that "time is running out," noting that negotiations would need to be resolved by December 27. Otherwise, the talks would have to wait until after the inauguration of President Morales' second government on January 22.

¶3. (C) Choquehuanca said GOB Charge to the UN and primary negotiator Pablo Solon was already in Copenhagen to participate in the climate change summit, but that he would instruct Solon to share their latest framework plan draft with us. He said changes were primarily in the cooperation section. Choquehuanca suggested it might be better simply to include a statement that all aid will be defined government to government, with details left to a working group or future sub-agreements. If this approach were deemed unacceptable and assistance remained an obstacle to improved ties, he suggested it might be better to terminate all USG aid programs. Charge noted that we had some proposed changes on the trade language as well, which we would share with Solon.

¶4. (C) Choquehuanca said a framework agreement "based on mutual respect" still had President Morales' support, but that others in the cabinet (presumably Vice President Alvaro Garcia Linera, Presidency Minister Juan Ramon Quintana, and Government Minister Rada) would prefer to maintain minimal relations, or even break

ties, with the USG. He added that these ministers "do not want an indigenous Foreign Minister to succeed, never mind conclude an accord with the U.S."

¶15. (C) Choquehuanca said he had prevailed to this point in cabinet meetings by arguing that the Cubans, Ecuadorians and others are seeking better relations with the USG, and that Bolivia should do the same. He recalled his displeasure with Garcia Linera's recent comments criticizing GOB talks with the USG, describing him as "crazy." Choquehuanca claimed that all sectors of Bolivian society were very pleased by the progress that was made on an accord during the negotiations last October. Still, he warned that this group would continue to try to block any deal.

¶16. (C) Choquehuanca identified USG policy toward Honduras and upcoming ATPDEA renewal legislation as potential stumbling blocks to finalizing a framework agreement. He noted that the GOB anticipated that Bolivia would not be included in ATPDEA legislation, which he called a potential blow to the framework plan negotiations and overall bilateral ties. In the end, Choquehuanca still thinks the framework agreement is achievable. "I cannot imagine a Bolivia that does not have diplomatic relations with the U.S.," he said.

#### MAS Victim of Its Own Success?

¶17. (C) Choquehuanca said he participated in Morales' final campaign event (a huge rally in El Alto), where "the people's faith and love for Morales was palpable." Still, he said the event left him troubled, because it showed that the expectations of the party's

diverse social and political base are enormous. Inevitably, he predicted, the GOB will fail to meet these demands, and the political base will be disappointed. Choquehuanca expects the opposition will try to exploit any popular discontent with the MAS, but he called the traditional opposition "divided and ineffective." More damaging to the MAS, Choquehuanca said, would be disaffection among the social movements. He recalled that in 1946 then-President Gualberto Villaroel was loved by the people until he disappointed them and ended up being hanged from a lamppost in the Plaza Murillo. Choquehuanca said his mother - a Villaroel supporter - witnessed the event.

¶18. (C) Choquehuanca also noted that the MAS lacks the skilled administrators and technocrats needed to manage key portfolios such as tax and customs administration, as well as state enterprises such as the state hydrocarbons company. He complained that many "opportunists" have joined the party, leaving it vulnerable to corruption. For example, Choquehuanca said recent measures to make the issuance of documents for Bolivians overseas more transparent and less costly had the unexpected side effect of reducing certain Ambassadors' "incomes." Since the measures were implemented, Choquehuanca noted with a smile, he has received numerous Ambassadorial requests for salary and expense account increases.

#### Comment

¶19. (C) Completing a deal by the end of December will be very difficult, but we need to make every effort to do so. Choquehuanca is deeply invested in trying to conclude an accord, and given his possible departure from the FM position in the next government, we need to act while he remains in place. Further delays in finalizing a deal will also leave the negotiations vulnerable to future bilateral shocks, as well as regional events such as the recent turmoil in Honduras.

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